

## Message Text

UNCLASSIFIED

PAGE 01 BONN 05428 121916 Z

44

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-02 PA-03 PRS-01 USIA-12 RSR-01 GAC-01 /157 W  
----- 054169

R 121748 Z APR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4473

INFO OECD PARIS 019

UNCLAS BONN 5428

DEPT PASS TREASURY AND FEDERAL RESERVE

E. O. 11652: N/ A

TAGS: EFIN, GW

SUBJECT: BUNDESBANK GRANTS LIQUIDITY SUPPORT

1. EFFECTIVE APRIL 16 THE BUNDESBANK WILL PURCHASE FROM BANKS BILLS IN UNLIMITED AMOUNTS ABOVE THE BANKS' REDISCOUNT AND LOMBARD QUOTAS. SUCH ADDITIONAL BILLS, HOWEVER, WILL BE HELD BY THE BUNDESBANK FOR PERIODS OF TEN DAYS ONLY. THE INTEREST RATE AT WHICH THE BILLS WILL BE PURCHASED WILL BE 12 PERCENT ON APRIL 16 BUT MAY VARY LATER ON ACCORDING TO MARKET CONDITIONS.

2. WITH THIS MEASURE THE BUNDESBANK COMPLIED WITH RECENT DEMANDS OF THE BANKS TO PROVIDE SOME KIND OF LIQUIDITY SUPPORT IN VIEW OF THE EXTREMELY TIGHT GERMAN MONEY MARKET. ( ON APRIL 11 CALLMONEY HAD AGAIN INCREASED TO 17-19 PERCENT WHILE TRANSACTIONS IN LONGER TERM FUNDS DID NOT TAKE PLACE AT ALL.)

3. IN A PRESS CONFERENCE KLAASSEN ALSO CONFIRMED THAT THE BUNDESBANK HAS CHANNELLED FUNDS INTO THE MONEY  
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PAGE 02 BONN 05428 121916 Z

MARKET DURING THE LAST TWO DAYS THROUGH FEDERALLY OWNED  
INSTITUTIONS ( PROBABLY THE KFW) TO EASE THE LIQUIDITY  
SQUEEZE. HILLENBRAND

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* UNCLASSIFIED

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:**  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 APR 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973BONN05428  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** n/a  
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**Handling Restrictions:** n/a  
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**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** kellerpr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22-Aug-2001 by reddocgw>; APPROVED <27-Aug-2001 by kellerpr>  
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30 JUN 2005

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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Subject:** BUNDESBANK GRANTS LIQUIDITY SUPPORT  
**TAGS:** EFIN, GW  
**To:** EUR  
OECD PARIS  
SECSTATE WASHDC  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005